

Third-Party Comment

We asked Mr. Toshihiko Goto, Chair of the Environmental Auditing Research Group, Member of Board of Directors of the Global Reporting Initiative (GRI), and an expert on corporate social responsibility and information disclosure for his third-party comment on the “Cosmo Oil Group Sustainability Report 2005”.

Upon reading the Cosmo Oil Group Sustainability Report 2005

Chair of the Environmental Auditing Research Group
Member BoD, GRI

Toshihiko Goto

The Cosmo Oil Group's Sustainability Report sets forth as its basic principle “In striving for harmony and symbiosis between our planet, man and society, we aim for sustainable growth towards a future of limitless possibilities”. However, the issue we face today is that on the line of BAU (business as usual) , which means the 20th century's way of businesses, there may not be a future of humankind. In order to “fill up your hearts, too” and realize sustainable development, at the 2002 Global Summit, a declaration was made to corporations too that they must take part in poverty eradication, changing consumption and production patterns, and protecting and managing the natural resource base. “Living with Our Planet.” is a wonderful mission, but I hope that your company will go beyond the scope of that message by including in the new Consolidated Mid-term Plan for 2005 the objective of maintaining constant awareness of the above 3 objectives in the everyday business of the company.

Generally, it is said that CSR efforts are the same as engaging in activities to increase intangible assets values. The important point is that reinforcing CSR management leads to an increase in the values of intellectual property, human capital, and organizational capital. The Mid-term Plan calls for strengthening of CSR management, and it is organized with 3 pillars, 2 perspectives, and 5 priorities. While compliance is pointed out as being more than simple observance of laws and regulations, I believe that it is also important to clarify “what is to be observed” and tie it into the concept of “Making the company a place where one can feel excitement about their work”. It is clear to see that your company invests greatly in improving awareness among your company staffs, but I am looking forward to seeing the disclosure of data that shows an upward trend in satisfaction survey results. It is not so an easy task at this point of time to express CSR performance, in other words, intangible assets values in non-monetary terms, in other words, to make it visually available. While it is wonderful that you have received high marks in SRI ratings so far, the key for the future is how much you can improve its visual display. I can see from the Data book that you are challenging yourselves with this task, and I look forward to seeing further creativity in this regard.

“Cosmo the Card” has been praised highly by society as a key means for mutual exchange and I hope you will nurture its growth carefully. It is unfortunate that an incident involving its unauthorized use by an company staff of an agent occurred. It is a reflection of what a scary world we live in these days that an incident which occurred with an agent over which you do not have direct control can lead to such enormous risk. The only thing that can truly control the huge science and technology including that for oil or IT is the sense of reverent awe for something greater than human intelligence. I would like to see your company continue to promote mutual exchange keeping that concept in mind. On a related topic, your company identifies strengthening of the internal audit function as part of risk management. Reinforcing internal audits are, similar to investments in improving products quality, a necessary investment for improving corporate quality, and therefore, I look forward to the synergistic effect that is sure to arise from a self management style risk management structure. The leading oil companies of the world are already beginning to prepare themselves for a post petroleum era. As I said last year as well, I would like to see your company set quantitative goals for technological development and new energy sources.

A portion of the Data book is missing age comparisons which should be remedied. In addition, I would say that the overall picture is a little bit unclear, so I would suggest including an executive summary. Since there are a large number of pages, perhaps there is a way to link it more to your website and disclose the information using different modes of communication.